

Submission to the Ministry of Business, Innovation and Employment on:

## **NZ Post Deed of Understanding 2024 Review**

Submitted by the New Zealand Council of Trade Unions Te Kauae Kaimahi

10 December 2024



**IN UNION, TOGETHER.**  
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This submission is made on behalf of the 32 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (NZCTU). With over 340,000 union members, the NZCTU is one of the largest democratic organisations in New Zealand.

The NZCTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga), the Māori arm of Te Kauae Kaimahi (NZCTU), which represents approximately 60,000 Māori workers.

## 1. Introduction

- 1.1. Postal services enable individuals, businesses, and communities to build and maintain social connections, and to participate economically, culturally, and politically. Adequate universal provision of postal services is therefore an essential public service, and changes to postal services have major social and economic impacts on the whole population.
- 1.2. The NZCTU is concerned that the proposed changes to the Deed of Understanding will further undermine the provision of this essential public service in New Zealand. This will negatively impact on social connectivity and cohesion and will have particularly negative impacts for those New Zealanders who remain frequent users of postal services or must rely on them because of geography and/or digital exclusion. It will also lead to job loss for postal workers employed by NZ Post, which is a comparatively better employer than private sector postal services.
- 1.3. For these reasons, the NZCTU recommends against the proposed reduction in minimum delivery days and the shift to using more cluster mailboxes. The NZCTU would also strongly oppose any reduction in the number of staffed (“manned”) retail outlets across New Zealand.
- 1.4. The NZCTU endorses the submissions of our affiliated unions, E tū and the Postal Workers Union Aotearoa (PWUA), who both represent postal workers across the motu.

## 2. Comments

- 2.1. The NZCTU is highly concerned by the proposed reduction in minimum delivery days, the number of retail outlets, and the shift to a cluster delivery model.
- 2.2. The changes are in large part premised on the State-Owned Enterprises Act 1986 (incorrectly recorded as 1987 in the consultation document) requirement that SOE’s “operate as a successful business”. Leaving aside our fundamental concerns with treating essential public services as commercial entities, it is important to recognise that it is inappropriate to compare the commercial viability of NZ Post to private-sector postal

businesses such as DX Mail. This is because these businesses rely on access to NZ Post's delivery services to reach areas that would otherwise be commercially non-viable for them. In this way, NZ Post (and, ultimately, taxpayers) underwrites the commercial success of these competitor businesses. It is therefore inappropriate to compare NZ Post's financial performance to these entities in judging whether NZ Post is "as profitable and efficient" as these "comparable businesses that are not owned by the Crown". Any comparison certainly shouldn't be used as a justification for reducing NZ Post service levels.

- 2.3. Paragraph 16 in the Deed of Understanding that requires NZ Post to provide access to its postal network to other postal operators has undermined NZ Post's services. It has enabled purely commercially focussed operators to compete in high-density postal areas but not operate in low-density, commercially less viable areas such as large parts of rural New Zealand. The NZCTU is concerned that the proposed changes to the deed will only further entrench this dynamic.
- 2.4. Profitability and efficiency considerations must also not be given preference over the other legislative requirements of SOEs to be (i) "a good employer" and (ii) "an organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so". These are important requirements that apply irrespective of the profit margins of NZ Post. As they are legislative requirements, all require equal consideration. In the NZCTU's view, the proposed reductions in service are inconsistent with the latter criterion.
- 2.5. Additionally, New Zealand has signed the Universal Postal Convention which outlines at Article 3(1) that members "shall ensure that all users/customers enjoy the right to a universal postal service involving the permanent provision of quality basic postal services at all points in their territory, at affordable prices". Although Article 3(2) enables member countries to decide on the scope of the postal services offered to consider national conditions and the needs of their populations, as a wealthy, developed country, New Zealand should be aiming for a high level of postal service. What has been proposed in the consultation document falls short of this standard.
- 2.6. The proposed reduction in minimum delivery to 2 days per week in urban areas will be problematic for smaller New Zealand cities that don't have high levels of access to courier services. The proposed reduction in minimum delivery to 3 days per week in rural areas is even more problematic. Rural areas are more likely to have socially isolated households, households which lack reliable internet connectivity, and high concentrations of older

citizens. This proposal to further reduce the minimum number of delivery days will only increase the risks of social isolation and alienation that rural households and communities are more at risk of. This risks poorer mental health outcomes and further stress on social cohesion.

- 2.7. For both urban and rural communities, this reduction in minimum service will be made even worse by the proposal to remove language in the Deed regarding non-consecutive days. This will mean longer wait times for mail in some areas. This change may also have the effect of advantaging private sector competitors, who will be able to attract customers by delivering more frequently. In this way, the proposed change would actively disadvantage NZ Post as a competitive entity.
- 2.8. The consultation document justifies the proposed reduction in minimum delivery day requirements on the basis that the average New Zealander receives only two items of mail per week. However, relying on the average measure obscures the fact that some New Zealanders – both individuals and organisations – will receive mail far more frequently than this. We support the submission of E tū that this represents a failure to consider the high users of postal services, and that blanket reductions in services will significantly impact these groups to stay connected.
- 2.9. Additionally, although email is often the most convenient means of communication, some important information needs to be communicated via post, as people are more likely to open addressed letters than an email (which can also be lost to junk folders). This information includes issues such as driving infringement notices, jury summons, bank cards, local body rates and information, public health notices, postal voting, and Statistics NZ data collection (such as the Census). It is important that people receive this mail in a timely and reliable fashion. This is essential for supporting public engagement in democracy, public trust in institutions, and government capacity to engage with and account for the population. The proposed changes to minimum service frequency will undermine this.
- 2.10. We are also concerned by the proposal to switch at an increasingly rapid pace to cluster mailboxes. This is problematic for several reasons. First, it will further increase social isolation by making it more difficult for some households to collect their post – this is of particular concern for older people, those with mobility issues, and those in rural areas or small cities. This will also have the effect of further removing the ability for people to interact with postal workers – which remains a valuable social connection for some households. Second, as with the other changes discussed above, it may further

commercially advantage private competitors, who will exploit NZ Post's unwillingness to deliver to individual mailboxes.

- 2.11. The consultation document proposes a steep reduction in the number of points of presence, from a minimum of 880 to 500 or even 400 in the future. However, no justification is given for why this is an appropriate number, nor how these points of presence would be distributed across the country. This information needs to be provided to enable an informed consultation. Although it is noted in the consultation document that "NZ Post has noted that over half its retail service points are in a location where another store is also serving that neighbourhood, this doesn't automatically mean that the neighbourhood is "over-served", as this will be determined by the population of the area that is being served and the intensity of postal service usage in that area.
- 2.12. The NZCTU strongly opposes any future reduction in the number of staffed ("manned") points of presence. Although agencies that provide a postal counter can be useful to help increase coverage, it is essential that experienced NZ Post staff are available as widely as possible across the country, to assist New Zealand communities to safely and correctly send and receive mail.
- 2.13. If implemented, these proposed changes will also lead to job losses for postal workers. We would see a reduction in the number of full-time employees at NZ Post, which provides better terms and conditions than private sector competitors. In this way, the proposed changes will reduce wages and job quality in the postal service industry. Postal work will become more precarious, with more workers employed as contractors rather than employees. This is the antithesis of the entity's requirement to be a good employer.
- 2.14. NZ Post wants to lay off 750 staff, including all its delivery staff, and replace these employees with contract couriers. The couriers do not want to deliver mail by van with the increased number of stops and dismounts required, including searching for parking spaces.
- 2.15. As PWUA has highlighted that the proposed shift would mean there would be no posties employed by NZ Post. It contends that this violates the State-Owned Enterprises Act 1986, which requires NZ Post to provide good and fair working conditions.
- 2.16. PWUA has brought legal proceedings on this issue, which are to be heard in February 2025. We support PWUA's recommendation that no changes should be made to the Deed until the legal proceedings brought by the PWUA have concluded.
- 2.17. The proposed changes will also undermine the resilience of New Zealand's social and physical connectivity. Digital connectivity is not always stable, and connectivity can be

disrupted by extreme weather, other natural disasters, and cyber-security breaches, among other events. In this way, running down the public postal service is akin to getting rid of stairs in a skyscraper – it may be more convenient for people to take the lift much of the time, but the stairs are a critical back up – and can indeed be lifesaving – in the event of a lift malfunction.

2.18. The NZCTU opposes shortening the time before the next review of the Deed of Understanding. The NZCTU's view is that the proposed reductions in service levels are already inconsistent with our commitment under the Universal Postal Convention. Further accelerating the decline in service levels – as foreshadowed in paragraphs 43 and 44 of the consultation document – is therefore unacceptable.

2.19. Finally, we are concerned by the consultation process itself. The consultation document is misleadingly titled “Moving towards a financially sustainable mail service”. This title colours the rest of the document, by implying that a reduction in service levels is the only way of making NZ Post financially sustainable. This elides several basic facts: first, NZ Post is publicly owned, and government can choose to support it financially if necessary; second, as discussed above, the requirement in the Deed of Understanding that NZ Post offers its services to private competitors has undermined NZ Post as a competitive entity. These more fundamental issues are not discussed in the consultation document. In addition to this problem, the consultation is being undertaken fully online. The irony here is that this means the digitally excluded – the 10% or so of New Zealanders without stable internet connections<sup>1</sup> – who will be among the most negatively affected by a reduction in service levels, likely won't be able to participate in the consultation process.

### **3. Conclusion**

3.1. The NZCTU reiterates its concerns with the proposed changes to the Deed of Understanding, and its opposition to the proposed reduction in service levels. NZ Post provides a critical public service that is an essential part of a modern society. The Government should be focusing on how it can ensure that the already-reduced service levels can be maintained so that all New Zealanders have access to a reliable and trustworthy mail service.

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<sup>1</sup> NZ Census 2023 records household internet access as 90.5% of households